



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501

3482
U-02664
(UT-070)

APR - 5 2001

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Mr. Steven E. Kochevar, P. E.
Mine Planning Administrator
Interwest Mining Company
One Utah Center, Suite 2000
Salt Lake City, Utah 84140-0200

Copy Susan

[Signature]
a/b/s/017

Re: Removal of Coal Pile/Valley Fill, Final Reclamation, Des-Bee-Dove Mine

Dear Mr. Kochevar:

As part of the reclamation of the subject mine site, the fill used as the tippie pad is being removed. As stated from Interwest/Energy West personnel and observations, the fill is made up of mostly coal reject not meeting size or quality criteria from many years of past mining. The coal from the fill is being sold to another entity for commercial purposes. The purpose of this letter is to document the Bureau of Land Management's (BLM) findings with regards to the disposition of Federal coal and the payments of royalties, if any, due to the United States.

The sale of coal, even from a reject stockpile, constitutes a severance of the coal upon which royalty to the United States is due. However, the coal from the tippie pad/valley fill at the Des-Bee-Dove Mine may or may not have been mined from a Federal coal lease as the mine property has both private and Federal coal leases involved. The BLM has received from Interwest a copy of an aerial photograph of the mine site which clearly shows that the tippie pad coal pile/valley fill in place as of the date of the photo, September 25, 1971. An extensive search of Federal coal lease production records in our files shows that the first Federal coal production from the Des-Bee-Dove Mine complex occurred in the calendar year 1972 from lease U-02664. Production from the other Federal lease SL-066116 did not occur until 1980. It is obvious that whatever coal or coal reject that was placed in the tippie pad/valley fill was not coal from the Federal leases associated with the Des-Bee-Dove Mine. Interwest/Energy West has no royalty responsibilities associated with the removal and sale of the material from the tippie pad/valley fill at the subject mine.

This determination is being forwarded to both the Utah Division of Oil, Gas and Mining and the Minerals Management Service.

If you have any questions, please contact Stephen Falk of my staff at (435) 636-3600.

Sincerely,

Thomas E. Thomsen (Acting)

for

Richard Manus
Field Manager

cc: UT-921, SD, Utah
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